



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MEADE COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 2000

**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE MEADE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Auditor of Public Accounts has completed the Meade County Fiscal Court audit for fiscal year ended June 30, 2000. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances increased by \$2,160,975 from the prior fiscal year, resulting in a cash surplus of \$4,301,037 as of June 30, 2000. Revenues increased by \$4,765,590 from the prior year and disbursements increased by \$3,115,917.

Report Comment:

- Fiscal Court Should Require Improved Accounting Procedures For The Jail Canteen Fund

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

Debt Obligations:

Total bonded debt principal as of June 30, 2000, was \$5,330,000. Future collections of \$8,413,660 are needed over the next 20 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$683,000 as of June 30, 2000. Future principal and interest payments of \$1,040,739 are needed to meet these obligations.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Mark S. Brown, Meade County Judge/Executive

Members of the Meade County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Meade County, Kentucky, as of June 30, 2000, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Meade County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Meade County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2000 of Meade County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Mark S. Brown, Meade County Judge/Executive
Members of the Meade County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2001 on our consideration of Meade County, Kentucky's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Meade County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following report comment:

- Fiscal Court Should Require Improved Accounting Procedures For The Jail Canteen Fund

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 19, 2001

MEADE COUNTY OFFICIALS

Fiscal Year Ended June 30, 2000

Fiscal Court Members:

Mark S. Brown	County Judge/Executive
Charles E. Coghill	Magistrate
M. Jean McNally	Magistrate
Charles Baker	Magistrate
Irv Spencer	Magistrate
Troy Seelye	Magistrate
Kent Allen	Magistrate

Other Elected Officials:

Darren A. Sipes	County Attorney
Earl T. Smith	Jailer
Katherine Mercer	County Clerk
Debbie Medley	Circuit Court Clerk
Joseph E. Greer	Sheriff
Mark J. Straney	Property Valuation Administrator
William R. Adams	Coroner

Appointed Personnel:

Shirley Fackler	County Treasurer
Rachel Clark	Finance Officer
Anna Roberts	Payroll Officer
Jim Roberts	Road Supervisor
Tim Livers	911 Administrator
Charles Reesor	Jail Administrative Assistant

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STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

MEADE COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2000

Assets and Other Resources

Assets

General Fund Type

General Fund:

Cash \$ 222,400

Investments 1,200,000

Road and Bridge Fund:

Cash 33,077

Investments 400,000

Jail Fund:

Cash 28,237

Local Government Economic Assistance Fund:

Cash 109,142

Investments 100,000

Ambulance Service Fund:

Cash 36,275

Meade-Olin Park Fund:

Cash 4,483

Payroll Revolving Account - Cash 37,314 \$ 2,170,928

Capital Projects Fund Type

Jail Construction Account - Construction Fund

Cash 1,345,053

Investments 480,000 1,825,053

Debt Service Fund Type

Jail Construction Account - Bond Proceeds Fund

Cash 305,056

Total Assets \$ 4,301,037

The accompanying notes are an integral part of the financial statements.

MEADE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Assets and Other Resources (Continued)

Other Resources

General Fund Type

General Fund:

Amounts to be Provided in Future Years for Capital Lease Payments (Note 5)	\$	683,000
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Debt Service Fund Type

Jail Construction Account - Bond Proceeds Fund:

Amounts to be Provided in Future Years for Bond Principal Payments (Note 4)		<u>5,330,000</u>
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Total Assets and Other Resources		<u><u>\$ 10,314,037</u></u>
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Liabilities and Fund Balances

Liabilities

General Fund Types

General Fund:

Capital Lease Obligation (Note 5)	\$	683,000	
Payroll Revolving Account - Cash		<u>37,314</u>	\$ 720,314

Debt Service Fund Types

Jail Construction Account - Bond Proceeds Fund:

Bond Principal Not Matured (Note 4)		5,330,000
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The accompanying notes are an integral part of the financial statements.

MEADE COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 2000
 (Continued)

Liabilities and Fund Balances (Continued)

Fund Balances

Reserved:

Debt Service Fund Type

Jail Construction Account - Construction Fund	\$ 1,825,053
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Capital Projects Fund Type

Jail Construction Account - Bond Proceeds Fund	305,056
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Unreserved:

General Fund Type

General Fund	\$ 1,422,400	
Road and Bridge Fund	433,077	
Jail Fund	28,237	
Local Government Economic Assistance Fund	209,142	
Ambulance Service Fund	36,275	
Meade-Olin Park Fund	4,483	2,133,614
	<hr/>	<hr/>
Total Liabilities and Fund Balances		<u>\$ 10,314,037</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MEADE COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2000

	General Fund Types			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,330,634	\$ 2,123,251	\$ 950,494	\$ 218,226
Transfers In	915,950	507,950		408,000
Bond Proceeds	5,116,800			
Total Cash Receipts	<u>\$ 10,363,384</u>	<u>\$ 2,631,201</u>	<u>\$ 950,494</u>	<u>\$ 626,226</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 7,128,335	\$ 1,881,130	\$ 997,281	\$ 760,079
Transfers Out	915,950	408,000		
Bonds:				
Interest Paid	123,293			
Capital Lease Agreement:				
Principal on Lease	30,000	30,000		
Total Cash Disbursements	<u>\$ 8,197,578</u>	<u>\$ 2,319,130</u>	<u>\$ 997,281</u>	<u>\$ 760,079</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 2,165,806	\$ 312,071	\$ (46,787)	\$ (133,853)
Cash Balance - July 1, 1999 *	<u>2,097,917</u>	<u>1,110,329</u>	<u>479,864</u>	<u>162,090</u>
Cash Balance - June 30, 2000 *	<u>\$ 4,263,723</u>	<u>\$ 1,422,400</u>	<u>\$ 433,077</u>	<u>\$ 28,237</u>

The

accompanying notes are an integral part of the financial
statements.

* Cash Balance Includes Investments

MEADE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 2000
 (Continued)

General Fund Types				Capital Projects Fund Type	Debt Service Fund Type
Local Government Economic Assistance Fund	Ambulance Service Fund	Meade- Olin Park Fund	Federal Grants Fund	Jail Construction Account	Jail Construction Account
				Construction Fund	Bond Proceeds Fund
\$ 203,629	\$ 354,529	\$ 35,265	\$ 15,000	\$ 400,801	\$ 29,439
				4,717,890	398,910
<u>\$ 203,629</u>	<u>\$ 354,529</u>	<u>\$ 35,265</u>	<u>\$ 15,000</u>	<u>\$ 5,118,691</u>	<u>\$ 428,349</u>
\$ 190,600	\$ 348,406	\$ 43,551	\$ 15,000	\$ 3,284,245 115,993	\$ 123,293
<u>\$ 190,600</u>	<u>\$ 348,406</u>	<u>\$ 43,551</u>	<u>\$ 15,000</u>	<u>\$ 3,400,238</u>	<u>\$ 123,293</u>
\$ 13,029 196,113	\$ 6,123 30,152	\$ (8,286) 12,769	\$	\$ 1,718,453 106,600	\$ 305,056
<u>\$ 209,142</u>	<u>\$ 36,275</u>	<u>\$ 4,483</u>	<u>\$</u>	<u>\$ 1,825,053</u>	<u>\$ 305,056</u>

The accompanying notes are an integral part of the financial statements.

MEADE COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2000

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Meade County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Meade County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Meade County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Meade County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Meade County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Ambulance Service Fund, Meade-Olin Park Fund, and Federal Grants Fund.

MEADE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Jail Construction Account - Bond Proceeds Fund. Debt service is provided through semi-annual payments from this fund.

3) Capital Projects Fund Type

Capital Projects Fund Type accounts for financial resources to be used for acquisition of major capital facilities. The Jail Construction Account - Construction Fund of the Fiscal Court is reported as a Capital Projects Fund Type.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Meade County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

MEADE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Meade County Fiscal Court:

Meade County Tourism Commission	Meade County Fire Departments
Meade County Water District	Meade County Conservation District
Meade County Planning and Zoning Commission	Meade County Library District

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

MEADE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2000
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2000, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

As of June 30, 2000, bonds outstanding of the Jail Construction Account – Bond Proceeds Fund are \$5,330,000. The County issued \$5,330,000 of general obligation improvement bonds, series 1999, dated July 1, 1999. Interest is payable semi-annually on July 1 and January 1, at variable interest rates ranging from 3.9% to 4.9%. Principal payments are due annually on July 1, beginning July 1, 2002, and ending on July 1, 2019.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2001	\$ 246,585	\$
2002	246,585	
2003	242,685	200,000
2004	234,585	210,000
Thereafter	<u>2,113,220</u>	<u>4,920,000</u>
Totals	<u>\$ 3,083,660</u>	<u>\$ 5,330,000</u>

MEADE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 5. Capital Lease Agreement

In 1995, the County entered into a capital lease agreement with the Kentucky Association of Counties Leasing Trust Program (KACoLT) for construction of waterlines. The original principal amount was \$795,000 with repayment to be made over a twenty-year period ending in 2015. Principal payments are due annually on January 20, in variable amount; interest plus associated fees is due monthly in variable amounts. As of June 30, 2000, the principal balance of the capital lease agreement is \$683,000.

<u>Fiscal Year Ending June 30</u>	<u>Scheduled Interest and Fees</u>	<u>Scheduled Principal</u>
2001	\$ 41,344	\$ 32,000
2002	39,343	33,000
2003	37,254	35,000
2004	35,042	37,000
Thereafter	<u>204,756</u>	<u>546,000</u>
Totals	<u>\$ 357,739</u>	<u>\$ 683,000</u>

Note 6. Lease-Purchase Agreements

The County has entered into the following lease-purchase agreements with the Kentucky Association of Counties Leasing Trust Program (KACoLT):

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Solid Waste Equipment	02/11/1997	03/01/2007	4.25%	\$ 35,415
Sheriff Vehicles	10/25/1999	11/20/2003	3.50%	142,126

Note 7. Insurance

For the fiscal year ended June 30, 2000, Meade County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

MEADE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2000
(Continued)

Note 8. Meade County Jail Canteen Fund

Jail canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

During the Fiscal Year Ending June 30, 2000, the Meade County Jail Canteen received \$51,538 and expended \$54,547. The Jail Canteen reported June 30 ending balances of \$4,831 and \$1,822 for 1999 and 2000 respectively.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

MEADE COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2000

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 2,235,818	\$ 2,123,251	\$ (112,567)
Road and Bridge Fund	896,719	950,494	53,775
Jail Fund	218,482	218,226	(256)
Local Government Economic Assistance Fund	198,000	203,629	5,629
Ambulance Service Fund *		354,529	354,529
Meade-Olin Park Fund *		35,265	35,265
Federal Grants Fund	600,000	15,000	(585,000)
<u>Capital Projects Fund Type</u>			
Jail Construction Account - Construction Fund		400,801	400,801
<u>Debt Service Fund Type</u>			
Jail Construction Account - Bond Proceeds Fund		29,439	29,439
Totals	<u>\$ 4,149,019</u>	<u>\$ 4,330,634</u>	<u>\$ 181,615</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above		\$ 4,149,019	
Add: Budgeted Prior Year Surplus		858,273	
Budgeted Bond Proceeds		5,330,000	
Less: Other Financing Uses		<u>(153,293)</u>	
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures		<u>\$ 10,183,999</u>	

* Ambulance Fund Receipts and Meade-Olin Park Fund receipts were budgeted in the General Fund.

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SCHEDULE OF OPERATING REVENUE

MEADE COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2000

	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Capital Projects Fund Type	Debt Service Fund Type
REVENUE:				
Taxes	\$ 1,603,861	\$ 1,603,861	\$	\$
Excess Fees	168,014	168,014		
License and Permits	67,750	67,750		
Intergovernmental Revenues	1,701,864	1,421,864	280,000	
Charges for Services	443,441	443,441		
Miscellaneous Revenues	116,246	114,746		1,500
Interest Earned	229,458	80,718	120,801	27,939
Total Operating Revenue	<u>\$ 4,330,634</u>	<u>\$ 3,900,394</u>	<u>\$ 400,801</u>	<u>\$ 29,439</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

MEADE COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2000

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 653,331	\$ 587,286	\$ 66,045
Protection to Persons and Property	1,702,922	1,443,318	259,604
General Health and Sanitation	26,155	22,746	3,409
Social Services	6,790	6,790	
Recreation and Culture	196,120	117,165	78,955
Transportation Facilities and Services	7,100	7,073	27
Roads	949,055	913,590	35,465
Bus Service	28,000	16,355	11,645
Debt Service	92,513	84,338	8,175
Capital Projects	600,000	15,000	585,000
Administration	715,306	630,429	84,877
Total Operating Budget - All General Fund Types	\$ 4,977,292	\$ 3,844,090	\$ 1,133,202
Other Financing Uses:			
Capital Lease Agreement-			
Principal on Lease	30,000	30,000	
TOTAL BUDGET - ALL GENERAL FUND TYPES	<u>\$ 5,007,292</u>	<u>\$ 3,874,090</u>	<u>\$ 1,133,202</u>

Expenditure Categories	CAPITAL PROJECTS FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Capital Projects	\$ 5,206,707	\$ 3,284,245	\$ 1,922,462
TOTAL BUDGET - CAPITAL PROJECTS FUND TYPE	<u>\$ 5,206,707</u>	<u>\$ 3,284,245</u>	<u>\$ 1,922,462</u>

MEADE COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 2000
 (Continued)

Expenditure Categories	DEBT SERVICE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
Other Financing Uses:			
Bonds -			
Interest	\$ 123,293	\$ 123,293	\$
TOTAL BUDGET - DEBT SERVICE FUND TYPE	<u>\$ 123,293</u>	<u>\$ 123,293</u>	<u>\$</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Mark S. Brown, Meade County Judge/Executive

Members of the Meade County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Meade County, Kentucky, as of and for the year ended June 30, 2000, and have issued our report thereon dated July 19, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Meade County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation.

- Fiscal Court Should Require Improved Accounting Procedures For The Jail Canteen Fund

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Meade County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 19, 2001

COMMENT AND RECOMMENDATION

MEADE COUNTY
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 2000

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

Fiscal Court Should Require Improved Accounting Procedures For The Jail Canteen Fund

Our audit revealed that required financial reports and accounting records were not maintained for the jail canteen fund. Specifically, although the jailer maintained receipt and disbursement journals, he did not prepare monthly reports as required by the Department for Local Government or submit an annual report to the county treasurer. In addition, the jail canteen bank account was not reconciled to receipt and disbursement journals on a monthly basis. KRS 441.135 states, “. . . the jailer shall keep books of accounts of all receipts and disbursements from the canteen and shall annually report to the county treasurer on the canteen account.” The State Local Finance Officer has issued guidelines for minimum accounting and reporting standards pursuant to KRS 68.210 and KRS 441.135 for the jail canteen fund. We recommend the fiscal court require the jailer to maintain improved accounting records for the jail canteen fund, including monthly bank reconciliations, and prepare and submit the required financial reports.

County Judge/Executive's Response:

Have discussed with Jailer and are in the process of putting Canteen Fund on our LAN and will be available to Co. Treasurer to ensure compliance.

County Jailer's Response:

None.

PRIOR YEAR FINDINGS

None.

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CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

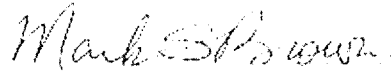
MEADE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

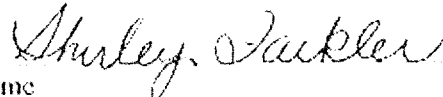
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC PROGRAM
MEADE COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2000

The Meade County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer